

US – 488

VI Semester B.Com. Examination, May 2017
(CBCS) (Semester Scheme)
(Fresh – 2016 – 17 & Onwards)
COMMERCE
Paper – 6.3 : Income Tax – II

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written completely in English or in Kannada.

SECTION – A

1. Answer **any five** sub-questions. **Each** question carries **2** marks. **(5×2=10)**
- What is vocation ?
 - Mention any four admissible expenses while computing taxable business income.
 - What is long term capital gain ?
 - What is less tax security ?
 - What is casual income ?
 - State the provision of Sec. 80 'D'.
 - If net winnings from horse-race is ₹ 1,50,000, find the gross amount.

SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. **(3×6=18)**

2. Ms. Devaki is a Chartered Accountant in Bangalore. Her Income and Expenditure A/c for the year 15 – 16 is as follows. Compute Income from profession for the A.Y. 16 – 17.

Expenditure	₹	Income	₹
To Office rent	30,000	By Audit fees	3,00,000
" Staff salaries	55,000	" Financial consultancy services	60,000
" Charities	5,000	" Interest on deposits in a Bank	22,000
" Gifts to relatives	6,000	" Dividends from UTI	6,000
" Drawings	16,000		
" Car expenses (1/2 personal)	24,000		
" Net Income	2,52,000		
	3,88,000		3,88,000

3. State the conditions and exemptions U/s 54 B for claiming exemption from capital gain.

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4. Following Incomes are received by Mrs. Radha, a resident during the previous year 2015 – 16. Compute taxable income from the head other sources.
- 1) Directors fees ₹ 10,000.
 - 2) Interest from post office savings bank A/c ₹ 500
 - 3) Dividend received from co-operative society ₹ 9,000.
 - 4) Interest on securities ₹ 10,000.
 - 5) Royalty from books written ₹ 25,000 (Expenses Incurred for this purpose ₹ 2,500).
5. Explain the provisions to set-off and carry forward the following losses :
- a) Loss of House-property.
 - b) Short term capital gain.
6. Ms. Keerti, a resident submits the following particulars of her Income & Expenditure for the P.Y. 2015 – 16. Compute total Income for the A.Y. 2016 – 17.
- a) Gross total Income ₹ 9,00,000.
 - b) Contribution to PPF ₹ 80,000.
 - c) Contribution to annuity plan of LIC ₹ 15,000.
 - d) Contribution to PM's National Relief fund ₹ 10,000.
 - e) Contribution to charitable hospital ₹ 10,000.
 - f) Contribution to defence fund ₹ 10,000.

SECTION – C

Answer **any three** questions. **Each** question carries 14 marks.

(3×14=42)

7. Following is the Profit and Loss A/c of Ms. Sahana, a resident for the year ended 31 – 3 – 2016.

Trading and P & L A/c			
		₹	₹
To Opening stock	40,000	By Sales	6,00,000
" Purchases	4,60,000	" Closing stock	45,000
" Gross profit c/d	1,45,000		
	6,45,000		6,45,000
To Salaries	27,500	By Gross profit b/d	1,45,000
" Rent and Taxes	12,500	" Bank Interest	250
" Commission	2,500		
" Legal charges	2,250		
" Bad-debts written off	7,250		
" Reserve for bad-debts	5,750		
" Repairs to machinery	750		
" Depreciation on fixed assets	13,250		
" Other Expenses	1,000		
" Income-tax	10,000		
" Net profit c/d	62,500		
	1,45,250		1,45,250



Compute Income from business for the A.Y. – 2016 – 17, after taking into consideration the following information :

- 1) Rent Includes 1,800 related to the house which was used as part of her own residence.
- 2) Bad-debts written off ₹ 3,000 were irrecoverable, but included in last year's sale.
- 3) Legal charges include ₹ 500 paid for the registration of land acquired for the business.
- 4) Depreciation allowable as per Income-Tax rules for the year was ₹ 15,000.
- 5) Both opening stock and closing stock of the year were undervalued at 20 % below cost.

8. Ms. Vimala had two houses –

- 1) The 1st house was occupied by herself for her residence. She got this house from her brother as gift on 15-8-1988. Her brother purchased this house in 1979 for ₹ 65,000. FMV on 1-4-1981 was ₹ 70,000. Vimala spent ₹ 6,500 on its improvement on 10-9-2003. She sold it on 30-9-2015 for ₹ 18,50,000. She purchased another house for her residence on 25-3-2016 for ₹ 9,00,000.
- 2) She had purchased the 2nd house for ₹ 56,000 in 1987 – 88 and had letout for residential purpose. She sold this house on 31-8-2015 for ₹ 8,50,000 by incurring selling expenses of ₹ 47,800.
- 3) She had purchased Jewellery in 1987 – 88 for ₹ 75,000 and on 25-2-2015 sold this Jewellery for ₹ 8,50,000 and purchased new Jewellery for ₹ 2,00,000.
- 4) Motor car sold on 1-12-2015 for ₹ 90,000 was purchased by her in January 2005 for ₹ 1,40,000 and its WDV on 1-4-2015 is 76,000. Car is used in business.

CII for 1981 – 82 = 100
1987 – 88 = 150
1988 – 89 = 161
2003 – 04 = 463
2015 – 16 = 1081

Compute taxable capital gain for the A.Y. – 2016 – 17.

9. Following are the Income details of Mrs. Roshini, a resident. Compute her Income from other sources for A.Y. 2016 – 17.

- 1) She gave management consultancy service to entrepreneurs during the year and received ₹ 55,000 from clients. She claims she spent ₹ 5,000 on related travelling.
- 2) Income from agriculture in Sri Lanka ₹ 20,000.
- 3) Dividend from UTI ₹ 5,000.
- 4) Interest on post-office savings bank ₹ 1,000
- 5) She holds the following investments
 - a) ₹ 1,00,000, 9 % tax free commercial securities (not listed)
 - b) ₹ 30,000, 7 % debentures of Canara Mills Ltd.
 - c) ₹ 72,000, 10 % tax free debentures of LIC of India (listed).
- 6) She lives in a rented house and pays rent of ₹ 6,000 p.m. She has sub-let 1/3 portion of the house on a rent of ₹ 3,000 p.m. She has taken up the responsibility of paying municipal taxes of ₹ 1,500 on the whole house and also repairs of the whole house amounting to ₹ 6,000.



10. Ms. Sunitha submits the following particulars :

Incomes

- Computed Salary Income ₹ 2,00,000.
- Computed Income from property let-out ₹ 65,000.
- Agricultural Income from Bangladesh ₹ 1,00,000.
- Share of Income from HUF ₹ 1,70,000.
- Computed Income from STCG ₹ 75,000.

Expenses :

- Life Insurance premium paid ₹ 28,000 (Sum assured ₹ 25,00,000)
- Medical Insurance premium paid ₹ 18,000.
- Loan repayment towards home loan Installment ₹ 20,000.
- Contribution of ₹ 20,000 to the Swachh Bharat Kosh set up by the central government.

11. Mrs. Rao, a physician and resident of Chennai submits the following receipts and payments account for the year ending 31-3-2016.

Receipts	₹	Payments	₹
To Balance b/d	70,000	By Rent of clinic	
" Consultation fees		2014 – 15	80,000
2014 – 15	25,000	2015 – 16	1,20,000
2015 – 16	2,50,000	" Surgical Equipments	1,00,000
2016 – 17	30,000	" Computers	50,000
" Visiting fees	80,000	" Interest on loan (profession)	12,000
" Winnings from		" By Professional books	
lottery (gross)	50,000	purchased (annual publication)	15,000
" To Interest on		" Purchase of Car	1,50,000
post-office savings A/c	30,000	" House hold Expenses	20,000
" Gift from patients	40,000	" Income tax	5,000
" Share from HUF	20,000	" Life Insurance premium	18,000
" Sale of Medicine	90,000	" Gift to mother	12,000
" Loan from Bank	1,50,000	" Car Expenses	30,000
		" Lottery ticket	25,000
		" Staff salary	1,20,000
		" Balance C/d	78,000
	8,35,000		8,35,000

Additional Information :

- WDV of car on 31-3-2015 was ₹ 1,00,000. On which 15 % depreciation to be charged. Car is used 60 % for profession and 40 % for private purpose.
 - Visiting fee due but not received for 2015 – 16 is ₹ 18,000.
 - Consultation fees due but not received for 2015 – 16 is ₹ 8,000.
 - Surgical equipments and computers were purchased and put to use on 10-9-2015.
- Determine Taxable Income from profession for Assessment year 2016 – 17.